

~~SECRET~~INCOMING
TELEGRAMPAGE 01 MUSCAT 01120 260432Z
ACTION NEA-07

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MUSCAT 01120 260432Z

S.A/Oman

INFO OCT-01 SS-14 ISO-00 CIAE-00 NSC-05 NSCE-00 INR-05
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FM AMEMBASSY MUSCAT
TO SECSTATE WASHDC 3461
INFO AMEMBASSY ABU DHABI
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY SANA
AMEMBASSY TEHRAN~~SECRET~~ MUSCAT 1120

LINDIS

E.O. 11652: GDS

TAGS: PBOR, EAID, EFIN, MU, SA

SUBJECT: SAUDI-OMANI RELATIONS AND SAUDI ENCOURAGEMENT OF
PDRY-OMANI RAPPROCHEMENTREF: (A) MUSCAT 1083 (NOTAL)
(B) MUSCAT 0992
(C) JIDDA 3701 (NOTAL)

1. SUMMARY. THE ACTING SENIOR OFFICIAL IN OMAN'S FOREIGN MINISTRY (AL-ALAWI) HAS TOLD US THERE IS NOW REASON TO EXPECT SOME PROGRESS IN MONTHS AHEAD TOWARD DELINEATING A PROPER BORDER BETWEEN OMAN AND SAUDI ARABIA, AND REACHING AGREEMENT ON LEASING TO THE SAUDIS IN SOME FASHION THE RIGHTS TO PUT AN OIL PIPELINE THROUGH OMAN TERRITORY TO THE ARABIAN SEA. HE SAID NO SPECIFICS HAVE BEEN ARRIVED AT SO FAR, BUT THAT THE RESPECTIVE FOREIGN MINISTERS AIM TO CONTINUE NEGOTIATIONS THIS FALL, DOING SO AT SPECIFIC MANDATE OF THEIR RULERS ARISING FROM SULTAN QABOOS' MAY 1977 VISIT TO RIYADH. HE CONFIRMED THAT THE SAUDIS PLEDGED FINANCIAL AID OF A BILLION DOLLARS TO OMAN TOWARD GENERAL BUDGET SUPPORT AND FIVE YEAR PLAN PROJECTS OVER THE FOUR YEARS 1977-80 WITH DETAILS TO BE WORKED OUT. AS FOR SAUDI-INSPIRED MEETING BETWEEN OMANI FORMIN ZAWAWI AND PDRY FORMIN MUTI' IN RIYADH IN LATE JUNE, AL-ALAWI CHARACTERIZED IT AS UNPROMISING BUT SAID THE TWO WOULD BE MEETING AGAIN, POSSIBLY AS EARLY AS NEXT MONTH. END SUMMARY.

2. WITH FOREIGN MINISTER ZAWAWI ON LEAVE UNTIL EARLY AUGUST, AMBASSADOR JULY 23 CALLED ON UNDERSECRETARY YUSUF AL-ALAWI TO RESUME CONTACT WITH MINISTRY FOLLOWING LENGTHY ABSENCE IN U.S. IN COURSE OF DISCUSSION AL-ALAWI EXPRESSED SATISFACTION AT WAY OMAN'S RELATIONS WITH SAUDI ARABIA ARE DEVELOPING. HE SAID THE SUBSTANTIAL FINANCIAL BACKING WHICH NOW IS COMING FROM RIYADH WILL ENABLE COUNTRY'S DEVELOPMENT PLANS TO GO FORWARD AT A GOOD PACE. HIS VERSION OF THE SUM OF MONEY PROMISED BY SAUDIS OVER 1977-80 PERIODS (DOLS ONE BILLION) SQUARES WITH INFO REPORTED PREVIOUSLY. ALSO, HE INDICATED THIS IS APART FROM SUMS ALREADY AGREED WITH SAUDIS FOR ROADS AND TOWNS IN DHOFAR MOUNTAINS, AND FOR COPPER PROJECT NEAR SOHAR (SEPTELS).

3. AL-ALAWI DESCRIBED AS PREMATURE VARIOUS RUMORS THAT OMAN AND SAUDI ARABIA HAVE REACHED DETAILED AGREEMENTS ON BORDER AND PIPELINE CORRIDOR QUESTIONS. BUT HE SAID SULTAN QABOOS, KING KHALID AND PRINCE FAHD REACHED CLEAR UNDERSTANDING DURING MAY DISCUSSIONS IN RIYADH AS TO DESIRABILITY OF PUSHING AHEAD MORE RAPIDLY TOWARD DEFINING FOR FIRST TIME JUST WHERE THEIR BORDER SHOULD RUN. SAID IT WAS UP TO ZAWAWI AND PRINCE SAUD TO TAKE THE LEAD IN NEGOTIATING THIS OVER COMING MONTHS. LEASING ARRANGEMENTS FOR A PIPELINE WOULD ALSO BE IN THEIR PURVIEW, THOUGH THE SAUDIS HAD NOT YET REALLY DEFINED THEIR WISHES IN THIS REGARD.

4. ASKED WHAT WAS NEW BETWEEN OMAN AND PDRY, AL-ALAWI SPOKE OF THE 'SECRET ZAWAWI-MUTI' MEETINGS OF A MONTH AGO UNDER SAUDI ARABIA'S MEDIATION AUSPICES. HE SAID ZAWAWI FOUND THE SOUTH YEMEN MINISTER PREPARED ONLY TO MAKE DEMANDS, STARTING WITH A WISH TO HAVE THE KURIA MURIA ISLANDS HANDED OVER, AND THAT THE MORE THE OMANGOV REVIEWS ZAWAWI'S REPORTS OF THE DISCUSSIONS THE GREATER DIFFICULTY IT HAS IN SEEING THE UTILITY OF CARRYING ON THE DIALOGUE. UNDER SAUDI PRODDING, HOWEVER, THE NEXT ZAWAWI-MUTI' MEETING MAY OCCUR WITHIN A MONTH, THOUGH PDRY HAD WANTED IT TO BE PUT OFF UNTIL UNGA TIME IN NEW YORK. IRREGARDLESS OF THE UNPROMISING JUNE START, SAID AL-ALAWI, THE OMANGOV IS TREATING THIS SECRET CONTRACT WITH PDRY WITH ALL SERIOUSNESS AND IS PRESENTLY DELIBERATING INTENTLY ON HOW TO PLAY ITS CARDS AT THE NEXT MEETING.

WOLLE

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